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LISTING STATEMENT NO. 2310

LISTED JULY 15, 1968  
1,782,655 common shares without nominal or par value,  
of which 442,300 shares are subject to issuance.  
Stock Symbol "BKB"  
Post Section 5.6  
Dial Quotation No. 1371

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

BLOCK BROS. INDUSTRIES LTD.

Incorporated under the laws of the Province of British Columbia  
on April 25th, 1962 by Certificate of Incorporation upon the filing  
of a Memorandum of Association.

CAPITALIZATION AS AT MAY 1, 1968

|  | AUTHORIZED | ISSUED AND<br>OUTSTANDING | TO BE<br>LISTED |
|--|------------|---------------------------|-----------------|
| SHARE CAPITAL  |            |                           |                 |
| Common shares without nominal or par value                             | 2,500,000  | 1,340,355                 | 1,782,655*      |
| * of which 442,300 are subject to issuance.                            |            |                           |                 |
| FUNDED DEBT  |            |                           |                 |
| 6¾ % Secured Notes, Series A, due October 15, 1978                     | Unlimited  | \$ 800,000                | nil             |
| 6½ % Secured Notes, Series B, due on demand                            | Unlimited  | 650,000                   | nil             |
| 6½ % Secured Notes, Series C, due November 15, 1978                    | Unlimited  | 1,275,000                 | nil             |
| 7¼ % Secured Notes, Series D, due June 15, 1982                        | Unlimited  | 1,000,000                 | nil             |
| 6¼ % Convertible Sinking Fund Debentures, Series A,<br>due May 1, 1979 | Unlimited  | 617,500                   | nil             |
| 7% Sinking Fund Debentures, Series B. due June 15, 1980                | Unlimited  | 800,000                   | nil             |
| 7% Sinking Fund Debentures, due June 1, 1969                           | 300,000    | 120,000                   | nil             |
|  |            | \$ 5,262,500              |                 |

May 8, 1968

1. APPLICATION

Block Bros. Industries Ltd. (hereinafter called the "Company") hereby makes application for the listing on the Toronto Stock Exchange of 1,782,655 common shares without nominal or par value in the capital stock of the Company, of which 1,340,355 have been issued and are outstanding as fully paid and non-assessable. The remaining 442,300 common shares included in this application have been reserved as follows:

|  |         |
|--|---------|
| For share purchase warrants exercisable at \$3.00 per share up to October 15, 1973 | 199,900 |
| For share purchase warrants exercisable at \$3.60 per share up to June 15, 1974    | 60,000  |
| For the conversion rights attaching to the 6¼ % Series A Debentures                | 182,400 |
|  | 442,300 |

2. HISTORY

The Company was incorporated under the laws of the Province of British Columbia on April 25, 1962 to acquire the shares of First National Mortgage Co. Ltd., Southern Slope Holdings Ltd., Southern Slope Holdings (1959) Ltd. and Block Bros. Contractors Ltd. and to act as a financing medium and holding company for a



fully integrated group of companies in real estate, mortgage, and property management operations. The Company's operations are carried on through subsidiaries (wholly owned) and through affiliated companies (which the Company holds from a 40% to a 75% interest) engaged in the businesses of real estate sales and services, mortgage financing, property management, insurance, ownership of revenue properties and building construction. The companies in which these operations are carried on are as follows:

Wholly-Owned Subsidiaries —

BLOCK BROS. REALTY LTD.  
 FIRST NATIONAL MORTGAGE CO. LTD.  
 SOUTHERN SLOPE HOLDINGS LTD.  
 SOUTHERN SLOPE HOLDINGS (1959) LTD.  
 BLOCK BROS. CONTRACTORS LTD.  
 BLOCK BROS. & ROBERTSON LTD.

Affiliated Companies —

BLOCK BROS. CONSTRUCTION LTD.  
 BRITISH CONSTRUCTION LTD.  
 BIDWELL CONSTRUCTION CO. LTD.  
 HEATHER CONSTRUCTION CO. LTD.  
 OSLER CONSTRUCTION LTD.  
 BAKER STORES LTD.

3. NATURE OF BUSINESS

The purpose of the Company is to act as a financing medium and holding company for a fully integrated group of real estate companies. The Company's operations are carried on through wholly-owned subsidiaries and affiliated companies referred to under Item 2, History. For further details see Item 9, Subsidiary Companies. The subsidiary and affiliated companies have an aggregate of some 400 employees.

4. INCORPORATION

The Company was incorporated on the 25th day of April, 1962, by a Memorandum of Association under the provisions of the "Companies Act" of the Province of British Columbia, with an authorized capital of 2,500,000 shares without nominal or par value divided into 1,800,000 Class "A" Common Shares and 700,000 Class "B" Common Shares, each with a maximum selling price of \$1.00. On September 23, 1963 the Memorandum of Association of the Company was amended to increase the maximum selling price for the Class "A" Common Shares from \$1.00 to \$5.00 per share. On March 31, 1964 the Memorandum of Association was amended to increase the maximum selling price for the Class "B" Common Shares from \$1.00 to \$5.00 per share. On April 13, 1964 the Memorandum of Association of the Company and the Articles of Association of the Company were amended to abrogate the special rights and restrictions attaching to the Class "B" Common Shares (to eliminate the distinction between Class "A" and Class "B" Common Shares) to change the name of the Class "A" and Class "B" Common Shares to Common Shares. On May 2, 1968 the name of the Company was changed from First National Mortgage (1962) Co. Ltd. to Block Bros. Industries Ltd.

5. SHARES ISSUED DURING PAST TEN YEARS

(a) Class A Common Shares without Nominal or Par Value

| <u>Date of Issue</u>    | <u>No. of<br/>shares<br/>issued</u> | <u>Amount<br/>realized<br/>per share</u> | <u>Total<br/>Amount<br/>realized</u> | <u>Purpose of Issue</u>                                    |
|-------------------------|-------------------------------------|--|--------------------------------------|--|
| April 30, 1962 .....    | 5                                   | \$1.00                                   | \$ 5                                 | Subscribers' shares  |
| June 4, 1962 .....      | 200,000                             | .75                                      | 150,000                              | Issued as consideration for shares of subsidiary Companies |
| October 27, 1962 .....  | 10,000                              | 1.00                                     | 10,000                               | Exercise of stock options                                  |
| November 22, 1962 ....  | 115,000                             | 1.00                                     | 115,000                              | Exercise of share purchase warrants                        |
| February 14, 1963 ..... | 500                                 | 1.00                                     | 500                                  | Exercise of share purchase warrants                        |
| March 27, 1963 .....    | 6,000                               | 1.00                                     | 6,000                                | Exercise of stock options                                  |
| August 16, 1963 .....   | 2,000                               | 1.00                                     | 2,000                                | Exercise of share purchase warrants                        |
| October 17, 1963 .....  | 9,350                               | 1.00                                     | 9,350                                | Exercise of stock options                                  |
| February 24, 1964 ..... | 16,400                              | 1.00                                     | 16,400                               | Exercise of share purchase warrants                        |
| March 9, 1964 .....     | 3,900                               | 1.00                                     | 3,900                                | Exercise of share purchase warrants                        |
| March 11, 1964 .....    | 20,750                              | 1.00                                     | 20,750                               | Exercise of stock options                                  |
| March 23, 1964 .....    | 49,200                              | 1.00                                     | 49,200                               | Exercise of share purchase warrants                        |
| April 1, 1964 .....     | 90,750                              | 1.00                                     | 90,750                               | Exercise of share purchase warrants                        |
|                         | <u>523,855</u>                      |  | <u>473,855</u>                       |  |



(b) Class B Common Shares without Nominal or Par Value

|              |                  |        |                |  |
|--------------|------------------|--------|----------------|--|
| June 4, 1962 | 700,000          | \$ .75 | \$ 525,000     | Issued as consideration for shares of subsidiary companies |
|              | <u>1,223,855</u> |        | <u>998,855</u> |  |

On April 13, 1964 the name of designation of the Class "A" and Class "B" Common Shares were changed to "Common Shares".

(c) Common Shares without Nominal or Par Value

| <u>Date of Issue</u>              | <u>No. of shares issued</u> | <u>Amount realized per share</u> | <u>Total amount realized</u> | <u>Purpose of Issue</u>  |
|-----------------------------------|-----------------------------|----------------------------------|------------------------------|--|
| Issued and Fully Paid (see above) | 1,223,855                   | —                                | \$ 988,855                   | See above  |
| May 15, 1964                      | 2,300                       | \$1.00                           | 2,300                        | Exercise of share purchase warrants                              |
| June 1, 1964                      | 19,350                      | 1.00                             | 19,350                       | Exercise of share purchase warrants                              |
| March 23, 1966                    | 40,000                      | 2.75                             | 110,000                      | Issued for real estate acquired January 31, 1966                 |
| January 19, 1968                  | 18,000                      | 3.33⅓                            | 60,000                       | Conversions of 6¼ % Convertible Sinking Fund Debentures Series A |
| February 21, 1968                 | 16,650                      | 3.33⅓                            | 55,445                       | Conversions of 6¼ % Convertible Sinking Fund Debentures Series A |
| March 12, 1968                    | 100                         | 3.00                             | 300                          | Exercise of share purchase warrants                              |
| April 30, 1968                    | 20,100                      | 3.33⅓                            | 68,000                       | Conversions of 6¼ % Convertible Sinking Fund Debentures Series A |
|                                   | <u>1,340,355</u>            |                                  | <u>\$1,304,250</u>           |  |

6. STOCK PROVISIONS AND VOTING POWERS

Each common share carries one vote at all meetings of the shareholders.

7. DIVIDEND RECORD

| <u>Record Date</u> | <u>Dividend Date</u> | <u>Number of Shares</u>    | <u>Total Dividend</u> | <u>Total Dividend</u> | <u>Accumulated Dividend</u> |
|--------------------|----------------------|----------------------------|-----------------------|-----------------------|-----------------------------|
| March 5/63         | April 1/63           | 325,505 "A"<br>700,000 "B" | 8¢<br>5¢              | 61,040.40             | 61,040.00                   |
| April 1/64         | May 1/64             | 1,223,855                  | 10¢                   | 122,385.50            | 183,425.90                  |
| April 1/65         | April 15/65          | 1,245,505                  | 3¢<br>+ 2¢ bonus      | 62,275.25             | 245,701.15                  |
| July 15/65         | July 15/65           | 1,275,505                  | 3¢                    | 37,365.15             | 283,066.30                  |
| October 1/65       | October 15/65        | 1,275,505                  | 3¢                    | 37,365.15             | 320,431.45                  |
| January 2/66       | January 16/66        | 1,275,505                  | 3¢                    | 37,365.15             | 357,796.60                  |
| April 1/66         | April 15/66          | 1,285,505                  | 3½¢                   | 44,992.67             | 402,789.27                  |
| July 1/66          | July 15/66           | 1,285,505                  | 3½¢                   | 44,992.68             | 447,781.95                  |
| October 1/66       | October 15/66        | 1,285,505                  | 3½¢                   | 44,992.68             | 492,774.63                  |
| January 1/67       | January 15/67        | 1,285,505                  | 3½¢                   | 44,992.68             | 537,767.31                  |
| April 1/67         | April 15/67          | 1,285,505                  | 3½¢                   | 44,992.68             | 582,759.99                  |
| June 30/67         | July 15/67           | 1,285,505                  | 3½¢                   | 44,992.67             | 627,752.66                  |
| October 2/67       | October 1/67         | 1,285,505                  | 3½¢                   | 44,992.67             | 672,745.33                  |
| January 2/68       | January 16/68        | 1,285,505                  | 3½¢                   | 44,992.68             | 717,738.01                  |
| April 1/68         | April 15/68          | 1,340,355                  | 3½¢                   | 46,912.43             | 764,650.44                  |

8. RECORD OF PROPERTIES

The Company is a holding company and owns no property other than shares of the subsidiary and affiliated companies mentioned in this application. For a detail of the properties owned by the subsidiary companies see Item 9.



## SUBSIDIARY COMPANIES

First National Mortgage Co. Ltd. was incorporated under the laws of the Province of British Columbia on May 28, 1959 with an authorized share capital of 29,000 preferred redeemable shares, par value \$1.00 each and 20,000 common shares, no par value, of which 20 common shares have been issued for \$20.00 all of which are held by Block Bros. Industries Ltd. This Company holds the greater portion of the mortgage portfolio amounting to approximately \$5,000,000.00. The mortgages comprise residential, commercial, apartment, and noted loans. While approximately 36% of the portfolio is invested in first mortgages, the market primarily served lies in the granting of second mortgage loans between the conventional first mortgage loans given by institutional lenders such as insurance and trust companies, and 85% of the appraised value of the property. Approximately 75% of the loans are secured by properties within the Metropolitan Vancouver area, where the Company's real estate division carries on its operations.

The Company also owns 50% of the leasehold interest in Beach Towers, a 450 suite apartment complex built in Vancouver.

Block Bros. Realty Ltd. was incorporated under the laws of the Province of British Columbia on January 24, 1963 with an authorized share capital of 90,000 Preferred redeemable shares, par value \$1.00 each and 10,000 Common Shares, no par value, of which 90,000 Preferred shares have been issued for \$90,000.00 and 100 common shares issued for \$100.00, all of which are held by Block Bros. Industries Ltd.

The Company functions as the real estate sales and service division of our Company. The sales volume since commencing operations has increased from \$4,000,000.00 in 1957 to \$73,000,000.00 in 1967. The Company presently employs 350 salesmen working out of 9 sales service centres throughout the Greater Vancouver area.

In connection with its agency commission business, Block Bros. Realty Ltd. operates a "We Trade Homes" plan. Under this arrangement a subsidiary company, Southern Slope Holdings (1959) Ltd. acts as a principal and buys residential and buys residential properties from clients who wish to buy another house. Strict financial controls are exercised to insure that the investment in residential properties is kept within prescribed limits.

The Company also operates a property management division which now manages about 36 apartment buildings containing some 1,800 suites and the Block Building, a seven floor head office building completed in 1965.

The Company also owns 50% of the leasehold interest in Beach Towers, a 450 suite apartment complex built in Vancouver.

Southern Slope Holdings Ltd. was incorporated under the laws of the Province of British Columbia on August 22, 1957 with an authorized share capital of 25,000 Preferred redeemable shares, par value \$1.00 each and 100,000 common shares, no par value of which 320 common shares have been issued for \$320.00 all of which are held by Block Bros. Industries Ltd. The main function of the Company is to finance the short term requirements of clients purchasing houses through our real estate division. The Company at January 31, 1968 held about \$260,000.00 in mortgages with prepayment largely within 1-5 years.

Southern Slope Holdings (1959) Ltd. was incorporated under the laws of the Province of British Columbia in November 30, 1959 with an authorized share capital of 10,000 common shares, par value \$1.00 each of which 99 common shares have been issued for \$99.00 all of which are held by First National Mortgage Co. Ltd. The purpose of the Company is to act as a principal to buy residential properties from clients who will buy another house through our sales organization. In addition the Company carries on a property development program, purchasing land for resale and also for development by subsidiaries. These developments include both residential and apartment lots.

Block Bros. Contractors Ltd. was incorporated under the laws of the Province of British Columbia on April 21, 1961 with an authorized share capital of 9,000 Preferred redeemable shares, par value \$1.00 each and 1,000 common shares, no par value of which 100 common shares have been issued for \$100.00 all of which are held by First National Mortgage Co. Ltd. The main function of the Company is to hold revenue producing properties developed by the Company, for investment purposes. The properties presently held by the Company include the following:

The Block Building, 2695 Granville Street, Vancouver, B.C.  
25,000 square feet — Head Office Building.

Under construction on 99 year leased land are two buildings which will add 222 suites to our portfolio. They are as follows:

1st and Vine — 72 suites — To complete July 1, 1968.

Harwood Street — 150 suites — To complete October 1, 1968.

The Beach Towers complex, a forty-five suite project, was built for Block Bros. Contractors Ltd. and sold to Sun Life Insurance Co. Ltd. and leased back for a 99 year term. By sub-leases between the Company the present operating leasehold interest is held by Block Bros. Realty Ltd. and First National Mortgage Co. Ltd.

Block Bros. & Robertson Ltd. was incorporated under the laws of the Province of British Columbia on February 21, 1967 with an authorized share capital of 9,000 Preferred redeemable shares, par value \$1.00



each and 1,000 common shares, no par value of which 100 common shares have been issued for \$10.00 all of which are held by Block Bros. Contractors Ltd.

The Company, which has its offices at 725 Carnarvon Street, New Westminster, B.C. is the insurance arm of our organization serving its clients in all their insurance needs.

# 10. FUNDED DEBT

The Company's funded debt consists of:

(a)

| Description of Issue                                 | Aggregate amount authorized | Principal amount outstanding | Maturity date | Interest dates              |
|--|-----------------------------|------------------------------|---------------|-----------------------------|
| 1. 6¾ % Secured Notes—Series A                       | Unlimited                   | 800,000                      | Oct. 15/78    | April 15 and October 15     |
| 2. Secured Notes—Series B                            | Unlimited                   | 650,000                      | On demand     | Twentieth day of each month |
| 3. 6½ % Secured Notes—Series C                       | Unlimited                   | 1,275,000                    | Nov. 15/78    | May 15 and November 15      |
| 4. 7¼ % Secured Notes—Series D                       | Unlimited                   | 1,000,000                    | June 15/82    | June 15 and December 15     |
| 5. 6¼ % Convertible Sinking Fund Debentures—Series A | Unlimited                   | 617,500                      | May 1/79      | May 1 and November 1        |
| 6. 7% Sinking Fund Debentures—Series B               | Unlimited                   | 800,000                      | June 15/80    | June 15 and December 15     |
| 7. 7% Sinking Fund Debentures                        | 300,000                     | 120,000                      | June 1/69     | June 1 and December 1       |

(b)

## REDEMPTION

### 6¾ % Secured Notes — Series A

The Series A Notes are redeemable (otherwise than out of sinking fund monies) at the option of the Company, in whole at any time or in part from time to time, on not less than 30 days' notice at the principal amount thereof plus a premium of 5.6% of such principal amount if redeemed before October 15, 1964, such premium being reduced by .40% of such principal amount for each year commenced or elapsed after October 14, 1964, to the date specified for redemption, together in all cases with accrued interest to the date specified for redemption. Series A Notes will be redeemable out of sinking fund monies on 30 days' notice at the principal amount thereof plus a premium of 2.8% of such principal amount if redeemed before October 15, 1964, such premium being reduced by .40% for each year commenced or elapsed after October 14, 1964, to the date specified for redemption plus accrued interest to the date specified for redemption.

Under the trust indenture securing the Series A Notes the Company is required to establish a sinking fund to provide for the retirement of \$50,000.00 principal amount of Series A Notes on October 15 in each of the years 1964 to 1973 inclusive and \$100,000.00 principal amount in each of the years 1974 to 1977 inclusive.

The Company is entitled to purchase Series A Notes in the market or by private contract at prices not exceeding the principal amount thereof and premium if any applicable for sinking fund purposes, plus accrued interest and cost of purchase. All Series A Notes purchased shall, notwithstanding the cancellation thereof, be available to the Company as a sinking fund credit which at the election of the Company may be applied (to the extent not theretofore applied) in denominations of \$500.00 and multiples thereof in satisfaction in whole or in part of required sinking fund payments payable thereafter. The Company has the right to elect on or before September 1 in each of the years 1964 to 1977 inclusive to apply as specified principal amount of Series A Notes forming such credit in satisfaction in whole or in part of the sinking fund payment required to be made prior to October 15 of the said year and the Company is required to pay into such sinking fund prior to October 15 of such year the sum in cash required to retire on that date the principal amount of Series A Notes required under the foregoing provisions to be retired on such date less a principal amount of such Notes equal to the principal amount of such Notes so applied. Such cash paid to the Trustee is to be applied in the retirement of Series A Notes by call for redemption on October 15 of such year at the principal amount thereof plus premium if any applicable for sinking fund purposes together with accrued interest to the date specified for redemption, provided that such call need not be made if the monies in the sinking fund and required to be paid into the sinking fund are less than \$10,000.00 and in such case such monies may be used by the Trustee in purchasing for cancellation Series A Notes at a price not exceeding the principal amount thereof and premium if any applicable for sinking fund purposes, plus accrued interest and cost of purchase.

### Secured Notes, Series B

Secured Notes, Series B are issued from time to time to the Company's banker to secure bank advances. As of the date of this application Secured Notes, Series B in the aggregate principal amount of \$650,000.00 are outstanding and the interest rate thereon is 7¾ %. All of the Secured Notes, Series B are paid due upon demand.

### 6½ % Secured Notes, Series C

The Series C Notes are redeemable (otherwise than out of sinking fund monies) at the option of the Company, in whole at any time or in part from time to time, on not less than 30 days' notice at the principal



amount thereof plus a premium of 5.6% of such principal amount if redeemed before November 15, 1965, such premium being reduced by .40% of such principal amount for each year commenced or elapsed after November 14, 1965, to the date specified for redemption, together in all cases with accrued interest to the date specified for redemption. Series C Notes will be redeemable out of sinking fund monies on 30 days' notice at the principal amount thereof plus a premium of 2.8% of such principal amount if redeemed before November 15, 1965, such premium being reduced by .40% for each year commenced or elapsed after November 14, 1965, to the date specified for redemption plus accrued interest to the date specified for redemption.

Pursuant to the first supplemental trust indenture provided for the issue of the Series C Notes the Company has covenanted to establish a sinking fund to provide for the retirement of \$75,000.00 principal amount of Series C Notes on November 15, in each of the years 1965 to 1974 inclusive and \$150,000.00 principal amount in each of the years 1975 to 1978 inclusive.

The Company is entitled to purchase Series C Notes in the market or by private contract at prices not exceeding the principal amount thereof and premiums if any applicable for sinking fund purposes, plus accrued interest and cost of purchase. All Series C Notes purchased shall, notwithstanding the cancellation thereof, be available to the Company as a sinking fund credit which at the election of the Company may be applied (to the extent not theretofore applied) in denominations of \$500.00 and multiples thereof in satisfaction in whole or in part of required sinking fund payments payable thereafter. The Company has the right to elect on or before October 1 in each of the years 1965 to 1978 inclusive to apply a specified principal amount of Series C Notes following such credit in satisfaction in whole or in part of the sinking fund payment required to be made prior to November 15 of the said year and the Company is required to pay into such sinking fund prior to November 15 of such year the sum in cash required to retire on that date the principal amount of Series C Notes required under the foregoing provisions to be retired on such date less a principal amount of such notes equal to the principal amount of such notes so applied. Such cash paid to the Trustee is to be applied in the retirement of Series C Notes by call for redemption on November 15 of such year at the principal amount thereof plus premium if any applicable for sinking fund purposes together with accrued interest to the date specified for redemption, provided that such call need not be made if the monies in the sinking fund and required to be paid into the sinking fund are less than \$10,000.00 and in such case such monies may be used by the Trustee in purchasing for cancellation Series C Notes at a price not exceeding the principal amount thereof and premium if any applicable for sinking fund purposes, plus accrued interest in cost of purchase.

#### 7¼ % Secured Notes — Series D

Under the second supplemental trust indenture securing the Series D Notes the Company has covenanted that no Series D Notes will be redeemed before June 15, 1977 in connection with a refunding operation by the application, directly or indirectly, of borrowed funds, having an interest cost to the Company of less than 7¼ % per annum. Subject to the foregoing, the Series D Notes will be redeemable (otherwise than out of sinking fund monies) prior to maturity at any time in whole or from time to time in part at the option of the Company on not less than 30 days' notice at the principal amount thereof plus a premium of 6% of such principal amount if redeemed before June 15, 1968, such premium being reduced by .50% of such principal amount for each year commenced or elapsed after June 14, 1968 to the date specified for redemption, together in all cases with accrued interest to the date specified for redemption.

The Company has covenanted to establish a sinking fund to provide for the retirement of \$50,000.00 principal amount of Series D Notes on June 15 in each of the years 1969 to 1978 inclusive, 1980 and 1981.

Series D Notes will not be redeemable out of sinking fund monies prior to June 15, 1969, but will be redeemable out of sinking fund monies on not less than 30 days' notice at the principal amount thereof plus a premium of 3% of such principal amount if redeemed on June 15, 1969, such premium being reduced by .25% for each year commenced or elapsed after June 15, 1969 to the date specified for redemption plus accrued interest to the date specified for redemption.

The Company is entitled to purchase Series D Notes in the market or by private contract at prices not exceeding the principal amount thereof and premium if any applicable for sinking fund purposes, plus accrued interest and cost of purchase. All Series D Notes purchased shall, notwithstanding the cancellation thereof, be available to the Company as a sinking fund credit which at the election of the Company may be applied (to the extent not theretofore applied) in denominations of \$1,000.00 and multiples thereof in satisfaction in whole or in part of required sinking fund payments payable thereafter. The Company has the right to elect on or before May 1 in each of the years 1969 to 1978 inclusive, 1980 and 1981 to apply a specified or principal amount of Series D Notes forming such credit in satisfaction in whole or in part of the sinking fund payment required to be made prior to June 15 of the said year and the Company is required to pay into such sinking fund prior to June 15 of such year the sum in cash required to retire on that date the principal amount of Series D Notes required under the foregoing provisions to be retired on such date less a principal amount of such notes equal to the principal amount of such notes so applied. Such cash paid to the Trustee is to be applied in the retirement of Series D Notes by call for redemption on June 15 of such year at the principal amount thereof plus premium if any applicable for sinking fund purposes together with accrued interest to the date specified for redemption, provided that such call need not be made if the monies in the sinking fund and required to be paid into the sinking fund are less than \$10,000.00 and in such case such monies may be used by the trustee in purchasing for cancellation Series D Notes at a price not exceeding the principal amount thereof and premium if any applicable for sinking fund purposes, plus accrued interest and cost of purchase.

#### 6¼ % Convertible Sinking Fund Debentures — Series A

The Series A Debentures are redeemable (otherwise than out of sinking fund monies) prior to maturity at any time in whole or from time to time in part at the option of the Company, on not less than 30 days' notice at the principal amount thereof plus a premium of 5.6% of such principal amount if redeemed before May 1, 1965, such premium being reduced by .40% of such principal amount for each year commenced or elapsed after April 30, 1965 to the date specified for redemption, together in all cases with accrued interest to the date specified for redemption. The Company will covenant that no Series A Debentures will be redeemed before May 1, 1968 in connection with a refunding operation by the application, directly or indirectly, of borrowed funds, having an interest cost to the Company of less than 6¼ % per annum. Series A Debentures will not be



redeemable out of sinking fund monies on not less than 30 days' notice at the principal amount thereof plus a premium of 2.8% of such principal amount if redeemed on May 1, 1969, such premium being reduced by .40% for each year commenced or elapsed after May 1, 1969 to the date specified for redemption plus accrued interest to the date specified for redemption.

Under the Trust Agreement providing for the issue of the Series A Debentures the Company covenanted to establish a sinking fund to provide for the retirement of \$40,000 principal amount Series A Debentures on May 1 in each of the years 1969 to 1978 inclusive.

The Company is entitled to purchase Series A Debentures in the market or by private contract at prices not exceeding the principal amount thereof and premium if any applicable for sinking fund purposes, plus accrued interest and cost of purchase. All Series A Debentures purchased shall, notwithstanding the cancellation thereof, be available to the Company as a sinking fund credit which at the election of the Company may be applied (to the extent not theretofore applied) in denominations of \$500 and multiples thereof in satisfaction in whole or in part of required sinking fund payments payable thereafter. The Company has the right to elect on or before March 15 in each of the years 1969 to 1978 inclusive to apply a specified principal amount of Series A Debentures forming such credit in satisfaction in whole or in part of the sinking fund payment required to be made prior to May 1 of the said year and the Company is required to pay into such sinking fund prior to May 1 of such year the sum in cash required to retire on that date the principal amount of Series A Debentures required under the foregoing provisions to be retired on such date less a principal amount of such Debentures equal to the principal amount of such Debentures so applied. Such cash paid to the Trustee is to be applied to the retirement of Series A Debentures by call for redemption on May 1 of such year at the principal amount thereof plus premium if any applicable for sinking fund purposes together with accrued interest to the date specified for redemption, provided that such call need not be made if the monies in the sinking fund and required to be paid into the sinking fund are less than \$10,000 and in such case such monies may be used by the Trustee in purchasing for cancellation Series A Debentures at a price not exceeding the principal amount thereof and premium if any applicable for sinking fund purposes, plus accrued interest and costs of purchase.

The Series A Debentures are convertible, subject to the provisions and conditions in that regard to be contained in the Trust Agreement, at the option of the holder at any time to the close of business on May 1, 1974, unless previously redeemed, into fully paid and non-assessable Common shares without par value of the Company at the following rates per \$500 principal amount of Series A Debentures: at the rate of 150 shares (based on \$3.33 $\frac{1}{3}$  per share) to the close of business May 1, 1969 and thereafter at the rate of 100 shares (based on \$5.00 per share) to the close of business May, 1974. The Trust Agreement under which the Series A Debentures are issued provides for the adjustment of the conversion right in certain events, including a subdivision or consolidation of Common Shares and a payment of a stock dividend on Common Shares. In the event of the call of any Series A Debentures for redemption on or before May 1, 1974, the holder's right of conversion may be exercised to the close of business on the day immediately preceding the date specified for redemption. The Trust Agreement provides that no allowance shall be made for interest accrued on Series A Debentures in respect of which the conversion rights have been exercised, and that the Company will give public notice of the declaration of any dividends on its Common Shares at least 15 days before the record date of any such proposed dividend.

#### 7% Sinking Fund Debentures — Series B

The Series B Debentures are redeemable (otherwise than out of sinking fund monies) prior to maturity at any time in whole or from time to time in part at the option of the Company, on not less than 30 days' notice at the principal amount thereof plus a premium of 7% of such principal amount if redeemed before June 30, 1966, such premium being reduced by .50% of such principal amount for each year commenced or elapsed after June 14, 1966 to the date specified for redemption, together in all cases with accrued interest to the date specified for redemption. The Company will covenant that no Series B Debentures will be redeemed before June 15, 1969 in connection with a refunding operation by the application, directly or indirectly, or borrowed funds, having an interest cost to the Company of less than 7% per annum. Series B Debentures will not be redeemable out of sinking fund monies prior to June 15, 1968, but will be redeemable out of sinking fund monies on not less than 30 days' notice at the principal amount thereof plus a premium of 3% of such principal amount if redeemed on June 15, 1968, such premium being reduced by .50% for each year commenced or elapsed after June 15, 1968 to the date specified for redemption plus accrued interest to the date specified for redemption.

Under the First Supplemental Trust Agreement providing for the issue of the Series B Debentures the Company covenanted to establish a sinking fund to provide for the retirement of \$40,000.00 principal amount of Series B Debentures on June 15, in each of the years 1968 to 1979 inclusive.

The Company is entitled to purchase Series B Debentures in the market or by private contract at prices not exceeding the principal amount thereof and premium if any applicable for sinking fund purposes, plus accrued interest and cost of purchase. All Series B Debentures purchased shall, notwithstanding the cancellation thereof, be available to the Company as a sinking fund credit which at the election of the Company may be applied (to the extent not theretofore applied) in denominations of \$500 and multiples thereof in satisfaction in whole or in part of required sinking fund payments payable thereafter. The Company has the right to elect on or before May 1 in each of the years 1968 to 1979 inclusive to apply a specified principal amount of Series B Debentures forming such credit in satisfaction in whole or in part of the sinking fund payment required to be made prior to June 15 of the said year and the Company is required to pay into such sinking fund prior to June 15 of such year the sum in cash required to retire on that date the principal amount of Series B Debentures required under the foregoing provisions to be retired on such date less a principal amount of such Debentures equal to the principal amount of such Debentures so applied. Such cash paid to the Trustee is to be applied to the retirement of Series B Debentures by call for redemption on June 15 of such year at the principal amount thereof plus premium if any applicable for sinking fund purposes together with accrued interest to the date specified for redemption, provided that such call need not be made if the monies in the sinking fund and required to be paid into the sinking fund are less than \$10,000.00 and in such case such monies may be used by the Trustee in purchasing for cancellation Series B Debentures at a price not exceeding the principal amount thereof and premium if any applicable for sinking fund purposes, plus accrued interest and costs of purchase.



## 7% Sinking Fund Debentures

The conditions attached to the 7% Sinking Fund Debentures due June 1, 1969 requires the Company to appropriate and set apart in each year, commencing June 1, 1965, as a fund to provide for the redemption of the Debentures of the issue, an amount equivalent to 20% of the outstanding debentures of the issue. The amount thus set apart in each year may be used to redeem debentures of this issue in such manner as the Board of Directors of the Company in their sole discretion may determine. The decision of the Board of Directors as to the Debentures to be thus redeemed is final and binding upon all of the debenture holders. The Company is entitled at any time to redeem the debentures at par together with accrued interest.

(c)

### SECURITY

- (i) 6¾ % Secured Notes — Series A
- Secured Notes — Series B
- 6½ % Secured Notes — Series C
- 7¼ % Secured Notes — Series D

The Series A, Series B, Series C and Series D Secured Notes, in the opinion of Counsel, are direct obligations of the Company issued under and secured by a Trust Indenture dated as of the 15th day of October, 1963, between the Company of the First Part, and First National Mortgage Co. Ltd., Block Bros. Realty Ltd., Southern Slope Holdings Ltd., Davey Securities Ltd., Block Bros. Contractors Ltd. and Southern Slope Holdings (1959) Ltd. as Guarantors of the Second Part, and the Royal Trust Company as Trustee of the Third Part, as supplemented by a First Supplemental Trust Indenture dated as of November 16, 1964 and a Second Supplemental Trust Indenture dated as of June 15, 1967, made between the above parties, and the said Secured Notes rank *pari passu* and are secured equally and rateably by:

- (i) An assignment to and in favour of the Trustee of all right, title and interest of the Company in and to all Secured Obligations (as defined), and of the Guarantors in and to all Guarantors' Secured Obligations (as defined), from time to time deposited with the Trustee; and
- (ii) A first floating charge upon all the real and personal property for the time being both present and future of the Company other than the Secured Obligations from time to time so deposited, such floating charge to permit dealings in the ordinary course of business and bank borrowings secured by specific pledges of cash or other collateral; and
- (iii) The joint and several guarantee of each of the Guarantors; and
- (iv) A first floating charge upon all the real and personal property for the time being both present and future of the Guarantors other than the Guarantors' Secured Obligations from time to time so deposited, such floating charge to permit dealings in the ordinary course of business and bank borrowing secured by specific pledges of cash or other collateral.

The Company has covenanted to maintain, while any of the said Secured Notes are outstanding, on deposit with the Trustee as Pledged Collateral, (as defined), Accepted Collateral, (as defined), of a total value of at least 125% of the aggregate principal amount of all Secured Notes for the time being outstanding under the said Trust Indenture and every Indenture supplemental thereto. Until the security constituted by the Trust Indenture shall have become enforceable and the Trustee shall have determined to enforce the same, the Company or the Guarantors, as the case may be, will be entitled to receive, as agent for the Trustee, all monies paid in respect of all Secured Obligations or Guarantors' Secured Obligations assigned to the Trustee; However, if at the time of receipt of such monies the Company is not in default and the Secured Obligations and/or Guarantors' Secured Obligations remaining deposited with the Trustee thereafter are of the amount required by the Trust Indenture, such monies shall, until an event of default, be free of a specific charge. The Trust Indentures contain provisions permitting the release of any of the Secured Obligations and/or Guarantors' Secured Obligations so long as the Secured Obligations and/or Guarantors' Secured Obligations remaining deposited thereafter are of the value required by the Trust Indentures and the Company is not in default of the Trust Indentures.

The Trust Indentures contain definitions of the following terms, among others, substantially to the following effect:

"Acceptable Collateral" shall mean Secured Obligations and/or Guarantors' Secured Obligations, which, or the instalments of which, are not in default for more than ninety (90) days;

"Guarantors' Secured Obligations" shall mean notes, agreements or instruments containing a covenant or promise to pay a sum of money and made and executed by any person, firm or corporation directly in favour of or assigned to the Guarantors or anyone or more thereof and secured by mortgage, pledge or other charge upon real property or interest therein and all renewals of and substitutions for and the monies payable under the same;

"Pledged Collateral" shall mean all Secured Obligations and/or Guarantors' Secured Obligations for the time being and from time to time granted, conveyed, assigned, ceded, transferred, mortgaged, pledged, hypothecated, or charged specifically in favour of the Trustee under the provisions of this Indenture, or intended so to be, for and with the monies intended to be secured;

"Secured Obligations" shall mean notes, agreements or instruments containing a covenant or promise to pay a sum of money and made and executed by any person, firm or corporation, other than a Subsidiary company, directly in favour of or assigned to the Company and secured by mortgage, pledge or other charge upon real property or interest therein, and all renewals of and substitutions for and the monies payable under the same.

- (ii) 6¼ % Convertible Sinking Fund Debentures — Series A
- 7% Sinking Fund Debenture — Series B



In the opinion of Counsel, the Series A Debentures and the Series B Debentures are direct obligations of the Company, subordinate to the Company's Secured Notes, issued under and secured by a Trust Agreement dated as of May 1, 1964 between the Company of the First Part, First National Mortgage Co. Ltd., Block Bros. Realty Ltd., Southern Slope Holdings Ltd., Davey Securities Ltd., Block Bros. Contractors Ltd. and Southern Slope Holdings (1959) Ltd. as Guarantors of the Second Part, and the Royal Trust Company as Trustee of the Third Part, and a First Supplemental Trust Indenture dated as of June 15, 1965 entered into between the same parties, and the Series A Debentures and Series B Debentures and all other Debentures from time to time outstanding under the Trust Agreements will rank pari passu and will be secured equally and rateably by:

- (i) A floating charge on the Company's undertaking, property and assets, subject only to the first fixed and specific charge and to the first floating charge both created by the Trust Indenture securing the Secured Notes of the Company, such floating charge to permit dealings in the ordinary course of business and bank borrowings secured by specific pledges of cash or other collateral; and
- (ii) The joint and several guarantee of each of the Guarantors.

(iii) 7% Sinking Fund Debentures

In the opinion of Counsel, the 7% Sinking Fund Debentures are direct obligations of the Company, subordinate to the Company's Series A, Series B, Series C and Series D Secured Notes and to the Company's Series A and Series B Debentures, secured equally and rateably by a floating charge on the Company's undertaking, property and assets, such floating charge to permit dealings in the ordinary course of business and bank borrowings secured by specific pledges of cash or other collateral.

11. OPTIONS, UNDERWRITINGS, ETC.

The Company does not have any outstanding options, underwritings, sales agreements, or other contracts or agreements of a like nature with respect to any unissued shares or any issued shares held for the benefit of the Company except for the common shares reserved as indicated below:

Other Reserved Shares

|  |                   |
|--|-------------------|
| (a) For share purchase warrants exercisable at \$3.00 per share up to October 15, 1973 .....   | \$ 199,900        |
| Each Series A Note has attached thereto a Warrant Coupon. On delivery by the holder to the Company's Transfer Agent on October 15, 1964, or at any time thereafter, of a Series A Note with the Warrant Coupon attached, the Series A Note will be returned to the holder together with a Share Purchase Warrant in bearer form entitling the holder thereof to purchase 50 Common Shares without nominal or par value of the capital stock of the Company for each \$500 principal amount of Series A Notes, and 100 Common Shares without nominal or par value of the capital stock of the Company for each \$1,000 principal amount of Series A Notes up to and including October 15, 1973 at the price or sum of \$3.00 per share. The Indenture providing for the issue of the Share Purchase Warrants contains provisions designed to protect the holders thereof against dilution, under certain circumstances, of their purchase rights.               |                   |
| (b) For share purchase warrants exercisable at \$3.60 per share up to June 15, 1974 .....  | \$ 60,000         |
| Each Series D Note has attached thereto a Warrant Coupon. On delivery by the holder to the Company's Transfer Agent on June 15, 1969 (or at any earlier date specified by the Company) or at any time thereafter, of a Series D Note with the Warrant Coupon attached, the Series D Note will be returned to the holder together with a Share Purchase Warrant in bearer form entitling the holder thereof to purchase 50 Common Shares of the capital stock of the Company for each \$1,000 principal amount of Series D Notes up to and including June 15, 1974 at the price or sum of \$3.60 per share. Provision will be made for the issue of such Share Purchase Warrants in the case of any Series D Notes redeemed before June 15, 1969, and the Indenture providing for the issue of the Share Purchase Warrants contains provisions designed to protect the holders thereof against dilution, under certain circumstances, of their purchase rights. |                   |
| (c) For the conversion rights attaching to the 6¼ % Series A Debentures .....  | \$ 182,400        |
|  | <u>\$ 442,300</u> |

The Series A Debentures are convertible at the option of the holder at any time to the close of business on May 1, 1974, unless previously redeemed, into fully paid and non-assessable Common Shares without par value of the Company at the following rates per \$500 principal amount of Series A Debentures: at the rate of 150 shares (based on \$3.33⅓ per share) to the close of business May 1, 1969 and thereafter at the rate of 100 shares (based on \$5.00 per share) to the close of business May 1, 1974. The Trust Agreement under which the Series A Debentures are issued provides for the adjustment of the conversion right in certain events, including a subdivision or consolidation of Common Shares and a payment of a stock dividend on Common Shares. In the event of the call of any Series A Debentures for redemption on or before May 1, 1974, the holder's right of conversion may be exercised to the close of business on the day immediately preceding the date specified for redemption. The Trust Agreement provides that no allowance shall be made for interest accrued on Series A Debentures in respect of which the conversion rights have been exercised, and that the Company will give public notice of the declaration of any dividends on its Common Shares at least 15 days before the record date of any such proposed dividend.



12. LISTING ON OTHER STOCK EXCHANGES

The common shares of the Company and the Common Share Warrants are listed on the Vancouver Stock Exchange.

13. STATUS UNDER SECURITIES ACT

Particulars of any filing, registration, approval or qualification with or by the British Columbia Securities Commission or any corresponding governmental body or authority are as follows:

- (a) The British Columbia Securities Commission issued its official receipt dated September 30, 1963, acknowledging receipt of the material required under the Securities Act, 1962, (British Columbia), in reference to the offering of \$1,000,000.00 6¾ % Secured Notes Series A.
- (b) The British Columbia Securities Commission issued its official receipt dated April 14, 1964, acknowledging receipt of the material required under the Securities Act, 1962, (British Columbia), in reference to the offering of \$800,000.00 6¼ % Convertible Sinking Fund Debenture Series A.
- (c) The British Columbia Securities Commission issued its official receipt dated October 30, 1964, acknowledging receipt of the material required under the Securities Act, 1962, (British Columbia) in reference to the offering of \$1,500,000.00 6½ % Secured Notes Series C.
- (d) The British Columbia Securities Commission issued its official receipt dated May 27, 1965, acknowledging receipt of the material required under the Securities Act, 1962, (British Columbia) in reference to the offering of \$800,000.00 7% Sinking Fund Debenture Series B.
- (e) The British Columbia Securities Commission issued its official receipt dated May 30, 1967, acknowledging receipt of the material required under the Securities Act, 1962, (British Columbia) in reference to the offering of \$1,000,000.00 7¼ % Secured Notes Series D.

14. FISCAL YEAR

The fiscal year of the Company ends on January 31st in each year.

15. ANNUAL MEETING

The Articles of Association of the Company provide that an annual general meeting of the Company shall be held once in every calendar year at such time (not being more than fifteen months after the holding of the last preceding annual general meeting) in place as may be prescribed by the Company in general meeting, or, in default, at such time in a month following that in which the anniversary of the Company's incorporation occurs, and at such place as the Directors shall appoint. The Companies Act of the Province of British Columbia provides that every general meeting of the Company shall be held within the Province, or at such place or places outside the Province as the Registrar may from time to time designate upon application made to him by the Company. The last annual general meeting of the Company was held at Vancouver, B.C. on April 30, 1968.

16. HEAD AND OTHER OFFICES

The head office of the Company and its subsidiaries and affiliates is located at 2695 Granville Street, Vancouver, British Columbia, Canada. The subsidiary Block Bros. Realty Ltd. maintains sales office in the following locations in the Greater Vancouver area:

BURNABY BRANCH  
4701 East Hastings,  
North Burnaby.

CAMBIE BRANCH  
5842 Cambie Street,  
Vancouver.

COQUITLAM BRANCH  
401 North Road,  
Coquitlam, New Westminster.

KINGSWAY BRANCH  
3121 Kingsway,  
Vancouver.

NORTH VANCOUVER BRANCH  
3709 Delbrook Crescent,  
North Vancouver.

RICHMOND BRANCH  
688 No. 3 Road,  
Richmond.

SURREY BRANCH  
14825-108th Street,  
North Surrey.

MACDONALD BRANCH  
16th & MacDonald,  
Vancouver.



17. **TRANSFER AGENT**

The Transfer Agent of the Company is:

The Royal Trust Company,  
626 West Pender Street,  
Vancouver 2, British Columbia,  
and  
119 Adelaide Street West,  
Toronto, Ontario.

Share Certificates are mutually interchangeable.

18. **TRANSFER FEE**

No fee is charged on stock transfers other than the customary Government stock transfer taxes.

19. **REGISTRAR**

The Registrar of the Company is:

The Royal Trust Company,  
626 West Pender Street,  
Vancouver 2, British Columbia,  
and  
119 Adelaide Street West,  
Toronto, Ontario.

20. **AUDITORS**

The auditors of the Company are:

Messrs. Collins, Love, Eddis, Valiquette & Co., Chartered Accountants, 1113 Burrard Building, 1030 West Georgia Street, Vancouver 5, British Columbia, Canada.

21. **OFFICERS**

The officers of the Company (all of whom have been employed by the Company for the past five years) are:

| NAME:                   | OFFICE:               | HOME ADDRESS:                           |
|-------------------------|-----------------------|---|
| Arthur J. Block . . . . | President             | 1238 Tecumseh Street, Vancouver, B.C.   |
| Henry J. Block . . . .  | Secretary             | 6650-62B Street, R.R. 3, Ladner, B.C.   |
| Grant P. Kylo . . . .   | Vice-President        | 11 Sennock Crescent, Vancouver 13, B.C. |
| Peter J. Funk . . . .   | Controller            | 12 Sennock Crescent, Vancouver 13, B.C. |
| Norman Sawatzky . . .   | General Sales Manager | 6432-64th Street, Delta, B.C.           |

22. **DIRECTORS**

The directors of the Company are:

| NAME AND OCCUPATION:   | HOME ADDRESS:   |
|--|---|
| Arthur J. Block President of the Company   | 1238 Tecumseh Street<br>Vancouver, B.C.                         |
| Henry J. Block Secretary of the Company  | 6650-62B Street, R.R. 3,<br>Ladner, B.C.                        |
| Morley Koffman Barrister & Solicitor, Partner in the law firm of<br>Freeman, Freeman, Silvers & Kocman,<br>Vancouver, B.C. | 1061 West 38th Avenue,<br>Vancouver 13, B.C.                    |
| Jacob Jantzen President of British Construction Ltd.   | 819 East 59th Avenue,<br>Vancouver, B.C.                        |
| Clayton B. Delbridge President of Napier Services Ltd.   | 2897 Pt. Grey Road,<br>Vancouver 8, B.C.                        |
| John G. Chaston Vice-President of Pemberton Securities Ltd.  | 860 Farmleigh Road,<br>West Vancouver, B.C.                     |
| Campbell M. Robertson President of Robertson Finance Co. Ltd.  | 202 Ocean View Towers,<br>1245 Beach Avenue,<br>Vancouver, B.C. |

Each of the above-named Directors has held the principal occupation or employment indicated for at least five years.



CERTIFICATE

Pursuant to a Resolution duly passed by its Board of Directors, Block Bros. Industries Ltd. hereby applies for a listing of the above-mentioned securities on the Toronto Stock Exchange, and the undersigned officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.



BLOCK BROS. INDUSTRIES LTD.

Per:  
"ARTHUR J. BLOCK", President  
"PETER J. FUNK", Controller

Distribution of 1,340,355 stock as of May 1, 1968

| Number                    |            |              |   |     |       |      |       | Shares           |
|---------------------------|------------|--------------|---|-----|-------|------|-------|------------------|
| 174                       | Holders of | 1            | — | 24  | share | lots | ..... | 835              |
| 69                        | " "        | 25           | — | 99  | " "   |      | ..... | 3,143            |
| 327                       | " "        | 100          | — | 199 | " "   |      | ..... | 33,922           |
| 211                       | " "        | 200          | — | 299 | " "   |      | ..... | 43,247           |
| 158                       | " "        | 300          | — | 399 | " "   |      | ..... | 47,610           |
| 68                        | " "        | 400          | — | 499 | " "   |      | ..... | 27,500           |
| 235                       | " "        | 500          | — | 999 | " "   |      | ..... | 129,782          |
| 225                       | " "        | 1000         | — | up  | " "   |      | ..... | 1,054,316        |
| <u>1,467</u> Shareholders |            | Total Shares |   |     |       |      |       | <u>1,340,355</u> |



# FINANCIAL STATEMENTS

BLOCK BROS. INDUSTRIES LTD.  
and SUBSIDIARY COMPANIES

## CONSOLIDATED BALANCE SHEET

As at April 30, 1968

| ASSETS   |            | LIABILITIES   |                     |
|--|------------|---|---------------------|
| Cash .....   | \$ 404,056 | Secured Notes — Series B, Bank Advances .....       | \$ 700,000          |
| Accounts and Notes Receivable .....  | 1,503,830  | Bank Loans .....                                    | 120,000             |
| Inventory of Real Estate For Sale .....  | 1,819,436  | Accounts and Notes Payable .....                    | 2,055,616           |
| Mortgages and Agreements Receivable .....  | 5,004,215  | Income Taxes .....                                  | 203,368             |
| Advances to Affiliated Companies .....   | 922,083    | Unamortized Discounts on Mortgages Receivable ..... | 461,821             |
| Real Estate Investments and Other Assets —<br>at cost less accumulated depreciation of \$335,027 ..... | 6,880,879  | Secured Notes .....                                 | 2,950,000           |
| Financing Expenses — less amounts amortized .....  | 255,183    | Mortgages and Loans Payable .....                   | 307,802             |
| Excess of Cost of Shares of Subsidiaries over their net book value .....                               | 239,882    | Mortgages Payable on Real Estate Investments .....  | 4,778,711           |
| Sundry Assets .....  | 79,292     | Debentures .....                                    | 1,593,500           |
|  |            |   | <u>13,170,818</u>   |
|  |            | Deferred Income Taxes .....                         | 150,000             |
|  |            | Minority Interests .....                            | 40,933              |
|  |            |   | <u>\$ 190,933</u>   |
|  |            | SHAREHOLDERS' EQUITY                                |                     |
|  |            | Capital Stock:                                      |                     |
|  |            | Common shares .....                                 | 1,313,305           |
|  |            | Retained Earnings .....                             | 2,433,800           |
|  |            |   | <u>3,747,105</u>    |
|  |            |   | <u>\$17,108,856</u> |

Prepared from the records without verification by audit.

On behalf of the Board:

ARTHUR J. BLOCK

HENRY J. BLOCK



BLOCK BROS. INDUSTRIES LTD.  
and Subsidiary Companies

CONSOLIDATED STATEMENT OF EARNINGS

For the Three Months Ended April 30th, 1968  
(with comparative figures for the three months ended April 30th, 1967)

| INCOME:  | 1968              | 1967              |
|--|-------------------|-------------------|
| Mortgage Interest and Discounts Earned .....   | \$ 147,229        | \$ 139,361        |
| Commission from Real Estate and Insurance after deductions of salesmen's<br>commission and other direct selling expenses ..... | 449,243           | 271,477           |
| Income from affiliated construction companies — estimated .....  | 35,000            | 25,000            |
| Profit on sale of Real Estate and other income .....   | 44,592            | 54,875            |
| Rental and Property Management income after deducting property operating<br>expenses and depreciation .....                    | 174,753           | 141,227           |
| TOTAL INCOME .....   | \$ 850,817        | \$ 631,940        |
|  | <u>\$ 850,817</u> | <u>\$ 631,940</u> |
| EXPENSES:  |                   |                   |
| Operating Charges  |                   |                   |
| Salaries .....   | \$ 160,753        | \$ 102,824        |
| General and Administrative Expenses .....  | 73,915            | 59,774            |
| Legal and Audit .....  | 5,389             | 2,596             |
| Depreciation .....   | 9,358             | 6,717             |
| TOTAL EXPENSES .....   | \$ 249,415        | \$ 171,911        |
|  | <u>\$ 249,415</u> | <u>\$ 171,911</u> |
| NET INCOME before Cost of Borrowing and Income Taxes .....   | \$ 601,402        | \$ 460,029        |
| COST OF BORROWING:   |                   |                   |
| Interest on secured notes and debentures .....   | \$ 86,173         | \$ 87,049         |
| Interest on loans and mortgages .....  | 104,760           | 103,723           |
| Amortization of financing expenses .....   | 5,637             | 4,756             |
|  | <u>\$ 196,570</u> | <u>\$ 195,528</u> |
| EARNINGS BEFORE INCOME TAXES AND MINORITY INTEREST .....   | \$ 404,832        | \$ 264,501        |
| ESTIMATED INCOME TAXES .....   | 85,858            | 63,009            |
| NET EARNINGS FOR THE PERIOD BEFORE MINORITY INTEREST .....   | \$ 318,974        | \$ 201,492        |
| MINORITY INTEREST .....  | 11,724            | 6,367             |
| NET EARNINGS FOR THE PERIOD .....  | <u>\$ 307,250</u> | <u>\$ 195,125</u> |
| COMMON SHARES .....  | 1,340,355         | 1,285,505         |
| Earnings per Share (3 months) .....  | 23¢               | 15¢               |
| Dividend Paid to end of 1st Quarter .....  | 3½¢               | 3½¢               |



BLOCK BROS. INDUSTRIES LTD.

FOR THE THREE MONTHS ENDED APRIL 30, 1968

### 1. *Trust Funds*

Not included in cash are balances of \$223,335 held for clients in trust bank.

## 2. Income Taxes

The companies have adopted methods of amortizing mortgage discounts and of claiming depreciation and other expenses for income tax purposes which differ from the methods of recording these items in the accounts. As a result, income taxes payable for the current year have been reduced by \$91,679 and the accumulated reduction to April 30, 1968 amounts to \$936,135 of which \$150,000 has been recorded in the accounts as deferred income taxes.

### 3. Long-Term Liabilities

|  | Outstanding<br>1968 | April 30,<br>1967  |
|--|---------------------|--------------------|
| Secured Notes —  |                     |                    |
| 6¾ % Secured Notes, Series A, maturing October 15, 1978 with sinking fund requirements of \$50,000 annually to 1973 and \$100,000 annually from 1974 to 1977 inclusive. ....             | \$ 800,000          | \$ 850,000         |
| 6½ % Secured Notes, Series C, maturing November 15, 1978 with sinking fund requirements of \$75,000 annually to 1974 and \$150,000 annually from 1975 to 1978 inclusive. ....            | 1,275,000           | 1,350,000          |
| 7¼ % Secured Notes, Series D, maturing June 15, 1982 with sinking fund requirements of \$50,000 in each of the years 1969 to 1978 inclusive and in each of the years 1980 and 1981. .... | 1,000,000           | —                  |
|  | <u>3,075,000</u>    | <u>2,200,000</u>   |
| Deduct: Held for redemption — 6¾ %   | 9,000               |                    |
| — 6½ %   | 18,000              | 68,000             |
| Balance of sinking fund instalments due within one year ....   | 98,000              | 57,000             |
|  | <u>125,000</u>      | <u>125,000</u>     |
|  | <u>\$2,950,000</u>  | <u>\$2,075,000</u> |
| Debentures —   |                     |                    |
| 6¼ % Convertible Sinking Fund Debentures, Series A, maturing May 1, 1979 with sinking fund requirements of \$40,000 in each of the years 1969 to 1978 inclusive. ....                    | 617,500             | 800,000            |
| 7% Sinking Fund Debentures, Series B, maturing June 15, 1980 with sinking fund requirements of \$40,000 in each of the years 1968 to 1979 inclusive. ....                                | 800,000             | 800,000            |
| 7% Sinking Fund Debentures, maturing June 1, 1969 with sinking fund requirements of 20% of the debentures annually to 1969 inclusive. ....   | 120,000             | 180,000            |
|  | <u>\$1,537,500</u>  | <u>\$1,780,000</u> |



|   |               |               |
|---|---------------|---------------|
| Deduct: Held for redemption .....                             | \$ 42,000     | \$ 14,500     |
| Balance of sinking fund instalments due within one year ..... | 18,000        | 45,500        |
|   | <u>60,000</u> | <u>60,000</u> |

|  |                  |                  |
|--|------------------|------------------|
|  | <u>1,477,500</u> | <u>1,720,000</u> |
|--|------------------|------------------|

Mortgages Payable —

|  |                    |                    |
|--|--------------------|--------------------|
| 6¾ % monthly principal and interest payments of \$23,990 ..... | 3,848,864          | 3,879,088          |
| 6¾ % monthly principal and interest payments of \$4,110 .....  | 582,638            | 592,805            |
| 7% monthly principal and interest payments of \$3,057 .....    | 347,209            | 358,646            |
|  | <u>\$4,778,711</u> | <u>\$4,830,539</u> |

No. of  
shares

Amount

4. Share Capital

Authorized —

2,500,000 common shares without nominal or par value

Issued and Fully Paid —

|   |           |           |
|---|-----------|-----------|
| Balance beginning of year .....   | 1,303,605 | 1,190,805 |
| Issued during the year — on conversion of 6¼ % Convertible Sinking Fund Debentures — Series A ..... | 36,750    | 122,500   |

|                           |                  |                    |
|---------------------------|------------------|--------------------|
| Balance end of year ..... | <u>1,340,355</u> | <u>\$1,313,305</u> |
|---------------------------|------------------|--------------------|

5. Details of Common Shares Reserved

|  |                |
|--|----------------|
| (a) For share purchase warrants exercisable at \$3.00 per share up to October 15, 1973. .... | 199,900        |
| (b) For share purchase warrants exercisable at \$3.60 per share up to June 15, 1974. ....    | 60,000         |
| (c) For the conversion rights attaching to the 6¼ % Series B Debentures .....                | 182,400        |
|  | <u>442,300</u> |

6. Remuneration of Directors

The total remuneration paid during the year to directors was \$12,850, (1967 - \$5,200).

7. Commitments

The Companies have entered into lease agreements for terms to ninety-nine years with annual rental payments of \$117,767.

COMPARATIVE CONDENSED STATEMENT OF EARNINGS

| Year Ended January 31                                | 1968             | 1967             | 1966             | 1965             | 1964           | 1963           |
|--|------------------|------------------|------------------|------------------|----------------|----------------|
| <b>Income</b>  |                  |                  |                  |                  |                |                |
| Commissions from Real Estate .....                   | 1,350,000        | 647,000          | 515,000          | 413,000          | 368,000        | 304,000        |
| Mortgage Interest and Discounts .....                | 567,000          | 643,000          | 654,000          | 431,000          | 271,000        | 111,000        |
| Rental and Property Management Income .....          | 545,000          | 500,000          | 120,000          | 18,000           | —              | —              |
| Profit on Sale of Real Estate and Other Income ..... | 169,000          | 407,000          | 138,000          | 84,000           | 28,000         | 14,000         |
| Affiliated Companies Income .....                    | 127,000          | 88,000           | 109,000          | 152,000          | 51,000         | —              |
| Total Income .....                                   | <u>2,758,000</u> | <u>2,285,000</u> | <u>1,536,000</u> | <u>1,098,000</u> | <u>718,000</u> | <u>429,000</u> |
| <b>Expenses</b>                                      |                  |                  |                  |                  |                |                |
| Operating Expenses .....                             | 797,000          | 535,000          | 418,000          | 291,000          | 252,000        | 187,000        |
| Cost of Borrowings .....                             | 795,000          | 835,000          | 466,000          | 218,000          | 108,000        | 44,000         |
| Income Taxes .....                                   | 223,000          | 200,000          | 68,000           | 225,000          | 155,000        | 84,000         |
| Minority Interest .....                              | 20,000           | 9,000            | —                | —                | —              | —              |
| Total Expenses .....                                 | <u>1,835,000</u> | <u>1,579,000</u> | <u>952,000</u>   | <u>734,000</u>   | <u>515,000</u> | <u>315,000</u> |
| Net Earnings .....                                   | <u>923,000</u>   | <u>706,000</u>   | <u>584,000</u>   | <u>364,000</u>   | <u>203,000</u> | <u>114,000</u> |